

TRIMBLE COUNTY SCHOOL DISTRICT
ANNUAL REPORT
JUNE 30, 2009



CPAS / CONSULTANTS

TRIMBLE COUNTY SCHOOL DISTRICT

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Chestnut Centre
410 West Chestnut Street STE. 237
Louisville, KY 40202-2342

(502) 583-5381
(800) 456-7531
FAX (502) 582-2516

INDEPENDENT AUDITORS' REPORT

State Committee for School District Audits
Members of the Board of Education of
Trimble County School District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Trimble County School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of Trimble County School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Appendix I of the Independent Auditor's Contract - General Requirements*, *Appendix II of the Independent Auditor's Contract - State Audit Requirements*, and *Appendix III of the Independent Auditor's Contract - Electronic Submission*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Trimble County School District as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2009, on our consideration of the Trimble County School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. In addition, the results of our tests disclosed no instances of noncompliance of specific state statutes or regulations identified in *Appendix II of the Independent Auditor's Contract – State Audit Requirements*.

The Management's Discussion and Analysis on pages 7 through 10 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, and additional information are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part

State Committee for School District Audits
Members of the Board of Education
Trimble County School District
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of the basic financial statements of the District. The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards and additional information, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Amick & Company

Louisville, Kentucky
September 4, 2009

**TRIMBLE COUNTY SCHOOL DISTRICT
BEDFORD, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

As management of the Trimble County School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The ending cash balances for the District were \$5,623,038 and \$244,838.
- Instructional focus for the elementary schools was continued with the Everyday Mathematics and Direct Instruction and Corrective Reading programs.
- Direct Instruction was continued at Trimble County Middle School for targeted students.
- The District continued CTBS testing for K-2 students which is above state requirements.
- The District continued the new web-based assessment program for all students in grades 2-10 which covers all Kentucky Core Content test areas. The program called ThinkLink costs approximately \$10,800 per year and predicts student performance with 80-90% accuracy for every skill in every grade. Students take the assessment three times per year and teachers can focus instruction where students need it.
- Fund 1 has reserve funds totaling \$2,500,000 for construction projects.
- The Legislature appropriated \$30,668 for technology upgrades that provided new computers and related technology equipment earmarked specifically for student use.
- The General Fund had \$10,901,200 in receipts, which primarily consisted of the state program (SEEK), interest, property, utility and motor vehicle taxes. Excluding inter-fund transfers, there was \$9,931,001 in General Fund expenditures.
- There were transfers from General Fund, Capital Outlay and Building Funds totaling \$1,044,064 to the Construction Fund for the new Milton Elementary School.
- Construction of the new Milton Elementary School was completed in July 2009.
- Leadership, careful planning and conscientious spending netted an increase in unreserved fund balance for General Fund of \$970,199 over the previous year while improving programs.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as introduction to the District's basic financial statements. The District's basic financial statements comprise: 1) District-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements. The District-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

**TRIMBLE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

The District-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (government activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Taxes and intergovernmental revenues also support fixed assets and related debt.

The District-wide financial statements can be found on pages 11 and 12

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are our ACES Program, and food service operations. All other activities of the district are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 13 and 15.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 23 through 41.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$13,517,131 as of June 30, 2009.

A portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District used these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**TRIMBLE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition of capital assets, and the depreciation of capital assets.

	<u>For the year ended June 30</u>	
	<u>2009</u>	<u>2008</u>
Current Assets	\$ 6,438,254	\$ 9,783,125
Non-current Assets	<u>19,626,567</u>	<u>16,091,381</u>
Total Assets	\$ <u>26,064,821</u>	\$ <u>25,874,506</u>
Current Liabilities	\$ 1,009,356	\$ 1,626,546
Non-current Liabilities	<u>11,107,922</u>	<u>11,598,079</u>
Total Liabilities	<u>12,117,278</u>	<u>13,224,625</u>
Net Assets		
Investment in capital assets (net of debt)	8,103,041	7,092,726
Restricted	-0-	-0-
Unreserved Fund Balance	<u>5,844,502</u>	<u>5,557,155</u>
Total Net Assets	<u>13,947,543</u>	<u>12,649,881</u>
Total Liabilities and Net Assets	\$ <u>26,064,821</u>	\$ <u>25,874,506</u>

Comments on Budget Comparisons

- The District's total General Fund revenues for the fiscal year ended June 30, 2009, net of on-behalf payments were \$9,207,322.
- General fund budget compared to actual revenue (net of on-behalf payments) varied from line item to line item with the ending actual balance being \$63,001 more than budgeted.
- General fund budget expenditures to actual expenditures (net of on-behalf payments) varied from line item to line item with the actual balance being \$2,778,926 less than budgeted including a contingency of \$1,858,473.
- Revenues over expenditures varied slightly the actual balance being \$970,199 for a favorable result excluding the budgeted contingency of \$13,255.

The following table presents a summary of General Fund revenue and expense.

	<u>For the year ended June 30</u>	
	<u>2009</u>	<u>2008</u>
Revenues:		
Local revenue sources	\$ 2,667,277	\$ 2,598,744
State revenue sources	8,070,505	8,241,605
Federal revenue	20,220	12,996
Other revenue	-0-	-0-
Earning on investments	<u>143,198</u>	<u>334,738</u>
Total Revenues	\$ <u>10,901,200</u>	\$ <u>11,188,083</u>

**TRIMBLE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

	<u>2009</u>	<u>2008</u>
Expenses:		
Instruction	\$ 5,935,600	\$ 6,069,100
Student support services	408,184	393,682
Instructional support	281,461	293,045
District administration	493,417	414,274
School administration	534,915	536,221
Business support	399,804	370,418
Plant operations	977,758	889,222
Student transportation	832,958	869,918
Community services	5,036	4,896
Facilities acquisition & construction	17,170	37,389
Debt service	<u>44,698</u>	<u>42,923</u>
Total Expenses	\$ <u>9,931,001</u>	\$ <u>9,921,088</u>
Revenue in Excess of Expenditures	\$ <u>970,199</u>	\$ <u>1,266,995</u>

BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1 – June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The district adopted a budget with \$1,858,473 in contingency. The beginning cash balance for the fiscal year is \$2,148,388. Significant Board action that impacted the finances included completing construction on a new elementary school and the increase in debt service requirements as a result of issuing bonds for the construction of the new elementary school.

Many of the program grants are continuation programs that we have become reliant on to service our students. However, decreases in the grants and the added burden of health insurance costs and matching retirement for employees paid from the federal grants have significantly reduced the dollars available for teacher salaries and other program support.

Questions regarding this report should be directed to Marcia Dunaway, Superintendent, or to Phillip Harmon, Finance Officer, at 502-255-3201, phillip.harmon@Trimble.kyschools.us or by mail at P. O. Box 275, Bedford, KY 40006.

TRIMBLE COUNTY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2009

	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 5,623,038	\$ 244,838	\$ 5,867,876
Investments	-	-	-
Interest receivable	-	-	-
Accounts receivable			
Taxes - current	43,938	-	43,938
Accounts	28,954	-	28,954
Other	415,866	7,077	422,943
Debt issuance costs, net	74,543	-	74,543
Total Current Assets	<u>6,186,339</u>	<u>251,915</u>	<u>6,438,254</u>
CAPITAL ASSETS			
Capital assets	19,128,433	416,581	19,545,014
Construction in progress	7,679,531	-	7,679,531
Less accumulated depreciation	<u>(7,366,338)</u>	<u>(231,640)</u>	<u>(7,597,978)</u>
Total Capital Assets	<u>19,441,626</u>	<u>184,941</u>	<u>19,626,567</u>
TOTAL ASSETS	<u>\$ 25,627,965</u>	<u>\$ 436,856</u>	<u>\$ 26,064,821</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 6,598	\$ 6,444	\$ 13,042
Cash overdraft	353,053	-	353,053
Accrued payroll and related expenses	-	-	-
Current portion of bonds payable	455,000	-	455,000
Current portion of capital leases payable	35,147	-	35,147
Current portion of accrued sick leave	86,354	-	86,354
Deferred revenue	66,760	-	66,760
Total Current Liabilities	<u>1,002,912</u>	<u>6,444</u>	<u>1,009,356</u>
NONCURRENT LIABILITIES			
Bonds payable	11,060,000	-	11,060,000
Capital leases payable	47,922	-	47,922
Noncurrent portion of accrued sick leave	-	-	-
Total Noncurrent Liabilities	<u>11,107,922</u>	<u>-</u>	<u>11,107,922</u>
TOTAL LIABILITIES	<u>\$ 12,110,834</u>	<u>\$ 6,444</u>	<u>\$ 12,117,278</u>
NET ASSETS			
Investment in capital assets, net of related debt	\$ 7,918,100	\$ 184,941	\$ 8,103,041
Unrestricted	<u>5,599,031</u>	<u>245,471</u>	<u>5,844,502</u>
TOTAL NET ASSETS	<u>\$ 13,517,131</u>	<u>\$ 430,412</u>	<u>\$ 13,947,543</u>

The accompanying notes are an integral part of these financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT

Statement of Activities

District Wide

For the year ended June 30, 2009

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and		
	Expenses	Charges	Operating	Capital	Changes in Net Assets		
		for	Grants and	Grants and	Governmental	Business-type	Total
		Services	Contributions	Contributions	Activities	Activities	
Governmental Activities							
Instruction	\$ 7,237,075	\$ -	\$ 1,771,778	\$ -	\$ (5,465,297)	\$ -	\$ (5,465,297)
Support Services:							
Student	496,280	3,184	-	-	(493,096)	-	(493,096)
Instruction staff	369,833	-	-	-	(369,833)	-	(369,833)
District Administrative	566,325	-	-	-	(566,325)	-	(566,325)
School Administrative	534,915	-	-	-	(534,915)	-	(534,915)
Business	399,804	-	-	-	(399,804)	-	(399,804)
Plant operation and maintenance	1,007,991	-	-	-	(1,007,991)	-	(1,007,991)
Student transportation	724,011	-	-	-	(724,011)	-	(724,011)
Central office	-	-	-	-	-	-	-
Facilities acquisition and construction	17,170	-	-	409,252	392,082	-	392,082
Food service operation	8,054	-	-	-	(8,054)	-	(8,054)
Community service activities	103,759	-	-	-	(103,759)	-	(103,759)
Interest on long-term debt	343,057	-	-	-	(343,057)	-	(343,057)
Depreciation and amortization	581,553	-	-	-	(581,553)	-	(581,553)
Total Governmental Activities	<u>12,389,827</u>	<u>3,184</u>	<u>1,771,778</u>	<u>409,252</u>	<u>(10,205,613)</u>	<u>-</u>	<u>(10,205,613)</u>
Business-type Activities							
Food service	837,487	326,527	494,290	-	-	(16,670)	(16,670)
Day care	33,700	39,042	3,521	-	-	8,863	8,863
Total Business-type Activities	<u>871,187</u>	<u>365,569</u>	<u>497,811</u>	<u>-</u>	<u>-</u>	<u>(7,807)</u>	<u>(7,807)</u>
Total School District	<u>\$ 13,261,014</u>	<u>\$ 368,753</u>	<u>\$ 2,269,589</u>	<u>\$ 409,252</u>	<u>\$ (10,205,613)</u>	<u>\$ (7,807)</u>	<u>\$ (10,213,420)</u>
General Revenues							
Property taxes					\$ 2,298,420	\$ -	\$ 2,298,420
Delinquent property tax					51,033	-	51,033
Motor vehicle taxes					315,058	-	315,058
Utility taxes					382,177	-	382,177
Investment earnings					149,757	5,676	155,433
State and formula grants					8,252,024	-	8,252,024
Gain on sale of fixed assets					21,550	-	21,550
Miscellaneous					35,387	-	35,387
Total General Revenues					<u>11,505,406</u>	<u>5,676</u>	<u>11,511,082</u>
Change in Net Assets					1,299,793	(2,131)	1,297,662
Net Assets - Beginning					<u>12,217,338</u>	<u>432,543</u>	<u>12,649,881</u>
Net Assets - Ending					<u>\$ 13,517,131</u>	<u>\$ 430,412</u>	<u>\$ 13,947,543</u>

The accompanying notes are an integral part of these financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT

Balance Sheet Governmental Funds June 30, 2009

	GENERAL FUND	SPECIAL REVENUE FUND	CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS AND RESOURCES					
Cash and cash equivalents	\$ 5,378,310	\$ -	\$ 244,728	\$ -	\$ 5,623,038
Investments	-	-	-	-	-
Accounts receivable					
Taxes - current	39,777	-	-	4,161	43,938
Accounts	28,954	-	-	-	28,954
Intergovernmental - State	-	415,866	-	-	415,866
Intergovernmental - Federal	-	-	-	-	-
Other	-	-	-	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	\$ 5,447,041	\$ 415,866	\$ 244,728	\$ 4,161	\$ 6,111,796
LIABILITIES					
Accounts payable	\$ 888	\$ 214	\$ 5,496	\$ -	\$ 6,598
Cash overdraft	-	348,892	-	4,161	353,053
Accrued payroll and related expenses	-	-	-	-	-
Current portion of accumulated sick leave	86,354	-	-	-	86,354
Due to other funds	-	-	-	-	-
Deferred revenue	-	66,760	-	-	66,760
Total Liabilities	<u>87,242</u>	<u>415,866</u>	<u>5,496</u>	<u>4,161</u>	<u>512,765</u>
FUND BALANCES					
Reserved for					
Encumbrances	-	-	37,073	-	37,073
Unreserved					
Undesignated, reported in					
General fund	2,859,469	-	-	-	2,859,469
Special revenue fund	-	-	-	-	-
Capital project funds	-	-	-	-	-
Designated, reported in					
General fund	2,500,331	-	-	-	2,500,331
Capital project funds	-	-	202,159	-	202,159
Total Fund Balances	<u>5,359,800</u>	<u>-</u>	<u>239,232</u>	<u>-</u>	<u>5,599,032</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,447,042	\$ 415,866	\$ 244,728	\$ 4,161	\$ 6,111,797

The accompanying notes are an integral part of these financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
To the Statement of Net Assets
June 30, 2009

Total fund balance per fund financial statements	\$	5,599,031
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net assets

Total cost of capital assets	19,128,433		
Total cost of construction in progress	7,679,531		
Accumulated depreciation	<u>(7,366,338)</u>		19,441,626

Certain other assets are not reported in this fund financial statement because they are not available to pay current period expenditures, but are reported in the statement of net assets

Bond Issuance costs			74,543
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Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, and accrued interest) are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net assets

Bonds payable	(11,515,000)		
Capital leases payable	<u>(83,069)</u>		<u>(11,598,069)</u>

Net assets for governmental activities	\$	<u>13,517,131</u>
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The accompanying notes are an integral part of these financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT

Statement of Revenue, Expenditures
And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	GENERAL <u>FUND</u>	SPECIAL REVENUE <u>FUNDS</u>	CONSTRUCTION <u>FUND</u>	OTHER GOVERNMENTAL <u>FUNDS</u>	TOTAL GOVERNMENTAL <u>FUNDS</u>
REVENUES					
From local sources:					
Taxes:					
Property	\$ 2,005,493	\$ -	\$ -	\$ 343,960	\$ 2,349,453
Motor Vehicles	268,429	-	-	46,629	315,058
Utilities	382,177	-	-	-	382,177
Other	-	-	-	-	-
Tuition and fees	3,184	-	-	-	3,184
Earnings on investments	143,198	188	-	6,371	149,757
Student activities	-	-	-	-	-
Community Service Activities	-	-	-	-	-
Other local revenues	7,994	27,393	-	-	35,387
Intergovernmental - State	8,070,505	329,616	-	409,252	8,809,373
Intergovernmental - Direct Federal	20,220	628,844	-	-	649,064
Intergovernmental - Indirect Federal	-	813,318	-	-	813,318
Intergovernmental - Intermediate sources	-	-	-	-	-
TOTAL REVENUES	<u>10,901,200</u>	<u>1,799,359</u>	<u>-</u>	<u>806,212</u>	<u>13,506,771</u>
EXPENDITURES					
Current:					
Instruction	5,935,600	1,390,134	-	-	7,325,734
Support Services					
Student	408,184	88,096	-	-	496,280
Instructional staff	281,461	87,472	-	-	368,933
District administration	493,417	72,908	-	-	566,325
School administration	534,915	-	-	-	534,915
Business	399,804	-	-	-	399,804
Plant operations and maintenance	977,758	30,233	-	-	1,007,991
Student transportation	832,958	49,371	-	-	882,329
Central office	-	-	-	-	-
Food service operation	-	8,054	-	-	8,054
Community services	5,036	103,759	-	-	108,795
Facilities acquisition and construction	17,170	-	3,882,562	-	3,899,732
Debt service - KISTA Bonds	44,698	-	-	614,476	659,174
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>9,931,001</u>	<u>1,830,027</u>	<u>3,882,562</u>	<u>614,476</u>	<u>16,258,066</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>970,199</u>	<u>(30,668)</u>	<u>(3,882,562)</u>	<u>191,736</u>	<u>(2,751,295)</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	-	-
Proceeds from sale of fixed assets	21,550	-	-	-	21,550
Operating transfers in	-	30,668	1,044,964	-	1,075,632
Operating transfers out	(280,668)	-	-	(794,964)	(1,075,632)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(259,118)</u>	<u>30,668</u>	<u>1,044,964</u>	<u>(794,964)</u>	<u>21,550</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>711,081</u>	<u>-</u>	<u>(2,837,598)</u>	<u>(603,228)</u>	<u>(2,729,745)</u>
FUND BALANCE JULY 1, 2008	<u>4,648,719</u>	<u>-</u>	<u>3,076,830</u>	<u>603,228</u>	<u>8,328,777</u>
FUND BALANCE JUNE 30, 2009	<u>\$ 5,359,800</u>	<u>\$ -</u>	<u>\$ 239,232</u>	<u>\$ -</u>	<u>\$ 5,599,032</u>

The accompanying notes are an integral part of these financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To the Statement of Net Assets June 30, 2009

Net change in total fund balances per fund financial statements \$ (2,729,745)

Amounts reported for governmental activities in the statement
of activities are different because:

Capital outlays are reported as expenditures in this fund financial statement
because they use current financial resources, but they are presented as
assets in the statement of activities and depreciated over their estimated
economic lives. The difference is the amount by which capital outlays
exceeds depreciation expense for the year.

Capital outlay	4,133,675	
Depreciation expense	(577,412)	
Bond amortization expense	<u>(4,141)</u>	3,552,122

Bond and capital lease payments are recognized as expenditures of current
financial resources in the fund financial statement but are reductions
of liabilities in the statement of net assets.

Principal on bond payments	278,701	
Principal on capital lease payments	<u>37,416</u>	316,117

Some repayments of bond principal are made by contributions from the
Kentucky School Facilities Construction Commission. These
contributions are not reflected in the governmental funds statement.

161,299

Change in net assets of governmental activities \$ 1,299,793

The accompanying notes are an integral part of these financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2009

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
From local sources:				
Taxes:				
Property	\$ 1,992,154	\$ 1,992,154	\$ 2,005,493	\$ 13,339
Motor vehicles	268,995	268,995	268,429	(566)
Utilities	380,000	380,000	382,177	2,177
Other	-	-	-	-
Tuition and fees	3,200	3,200	3,184	(16)
Earnings on investments	100,550	100,550	143,198	42,648
Student activities	-	-	-	-
Community service activities	-	-	-	-
Other local revenues	13,500	13,500	7,994	(5,506)
Intergovernmental - State	6,449,524	6,376,922	8,070,505	1,693,583
Intergovernmental - Indirect Federal	-	-	-	-
Intergovernmental - Federal	9,000	9,000	20,220	11,220
TOTAL REVENUES	9,216,923	9,144,321	10,901,200	1,756,879
EXPENDITURES				
Current:				
Instruction	5,031,151	5,026,207	5,935,600	909,393
Support Services				
Student	328,488	328,488	408,184	79,696
Instructional staff	231,304	231,104	281,461	50,357
District administration	402,887	402,887	493,417	90,530
School administration	557,563	559,411	534,915	(24,496)
Business	342,976	342,976	399,804	56,828
Plant operations and maintenance	1,081,179	1,081,179	977,758	(103,421)
Student transportation	942,345	942,345	832,958	(109,387)
Central office	-	-	-	-
Community services	5,056	5,056	5,036	(20)
Facilities acquisition and construction	195,000	195,000	17,170	(177,830)
Debt service - KISTA Bonds	42,923	42,923	44,698	1,775
Contingency	1,927,779	1,858,473	-	(1,858,473)
TOTAL EXPENDITURES	11,088,651	11,016,049	9,931,001	(1,085,048)
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(1,871,728)</u>	<u>(1,871,728)</u>	<u>970,199</u>	<u>2,841,927</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of bonds	-	-	-	-
Proceeds from sale of fixed assets	500	500	21,550	21,050
Operating transfers in	-	-	-	-
Operating transfers out	(22,125)	(22,125)	(280,668)	(258,543)
TOTAL OTHER FINANCING SOURCES (USES)	(21,625)	(21,625)	(259,118)	(237,493)
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,893,353)	(1,893,353)	711,081	2,604,434
FUND BALANCE JULY 1, 2008	1,893,353	1,893,353	4,684,719	2,791,366
FUND BALANCE JUNE 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,395,800</u>	<u>\$ 5,395,800</u>

The accompanying notes are an integral part of these financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Revenue Fund
For the Year Ended June 30, 2009

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
From local sources:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Motor vehicles	-	-	-	-
Utilities	-	-	-	-
Other	-	-	-	-
Tuition and fees	-	-	-	-
Earnings on investments	750	200	188	(12)
Student activities	-	-	-	-
Community service activities	-	-	-	-
Other local revenues	-	24,250	27,393	3,143
Intergovernmental - State	287,647	300,278	329,616	29,338
Intergovernmental - Indirect Federal	793,699	822,450	628,844	(193,606)
Intergovernmental - Federal	628,844	628,844	813,318	184,474
Intergovernmental - Intermediate sources	-	-	-	-
TOTAL REVENUES	<u>1,710,940</u>	<u>1,776,022</u>	<u>1,799,359</u>	<u>23,337</u>
EXPENDITURES				
Current:				
Instruction	1,347,817	1,396,004	1,390,134	(5,870)
Support Services				
Student	57,920	82,860	88,096	5,236
Instructional staff	81,975	80,668	87,472	6,804
District administration	74,648	76,453	72,908	(3,545)
School administration	-	-	-	-
Business	-	-	-	-
Plant operations and maintenance	700	700	30,233	29,533
Student transportation	47,605	47,605	49,371	1,766
Food service operations	8,000	8,000	8,054	54
Community services	114,400	114,400	103,759	(10,641)
Facilities acquisition and construction	-	-	-	-
Debt service - KISTA Bonds	-	-	-	-
Other	-	-	-	-
TOTAL EXPENDITURES	<u>1,733,065</u>	<u>1,806,690</u>	<u>1,830,027</u>	<u>23,337</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(22,125)</u>	<u>(30,668)</u>	<u>(30,668)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of bonds	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-
Operating transfers in	22,125	30,668	30,668	-
Operating transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>22,125</u>	<u>30,668</u>	<u>30,668</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE JULY 1, 2008	<u>-</u>	<u>48,783</u>	<u>-</u>	<u>(48,783)</u>
FUND BALANCE JUNE 30, 2009	<u>\$ -</u>	<u>\$ 48,783</u>	<u>\$ -</u>	<u>\$ (48,783)</u>

The accompanying notes are an integral part of these financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT

Statement of Net Assets

Proprietary Funds

June 30, 2009

	Food Service <u>Fund</u>	Other Enterprise <u>Fund</u>	Total Proprietary <u>Funds</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 233,858	\$ 10,980	\$ 244,838
Investments	-	-	-
Other receivables	7,078	-	7,078
Total current assets	<u>240,936</u>	<u>10,980</u>	<u>251,916</u>
Noncurrent Assets			
Capital assets	415,887	694	416,581
Less: Accumulated depreciation	(231,317)	(324)	(231,641)
Total noncurrent assets	<u>184,570</u>	<u>370</u>	<u>184,940</u>
Total assets	<u>\$ 425,506</u>	<u>\$ 11,350</u>	<u>\$ 436,856</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 6,444	\$ -	\$ 6,444
Total current liabilities	<u>\$ 6,444</u>	<u>\$ -</u>	<u>\$ 6,444</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 184,570	\$ 370	\$ 184,940
Unrestricted			
Unreserved	234,492	10,980	245,472
Total net assets	<u>\$ 419,062</u>	<u>\$ 11,350</u>	<u>\$ 430,412</u>

The accompanying notes are an integral part of these financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2009

	Food Service <u>Fund</u>	Other Enterprise <u>Fund</u>	Total Proprietary <u>Funds</u>
Operating Revenues			
Food service sales	\$ 326,527	\$ -	\$ 326,527
Other operating revenues	<u>-</u>	<u>39,042</u>	<u>39,042</u>
Total operating revenues	<u>326,527</u>	<u>39,042</u>	<u>365,569</u>
Operating Expenses			
Salaries and wages	404,331	31,882	436,213
Professional and contract services	31,417	-	31,417
Supplies and materials	375,915	1,691	377,606
Small equipment purchases	4,118	-	4,118
Depreciation	20,951	127	21,078
Other operating expenses	<u>755</u>	<u>-</u>	<u>755</u>
Total operating expenses	<u>837,487</u>	<u>33,700</u>	<u>871,187</u>
Operating income (loss)	<u>(510,960)</u>	<u>5,342</u>	<u>(505,618)</u>
Nonoperating revenues (expenses)			
Federal grants	441,265	-	441,265
State grants	53,025	3,521	56,546
Donations	-	-	-
Interest income	<u>5,676</u>	<u>-</u>	<u>5,676</u>
Total nonoperating revenues (expenses)	<u>499,966</u>	<u>3,521</u>	<u>503,487</u>
Net income (loss)	<u>(10,994)</u>	<u>8,863</u>	<u>(2,131)</u>
Total net assets, July 1, 2008	<u>430,056</u>	<u>2,487</u>	<u>432,543</u>
Total net assets, June 30, 2009	<u>\$ 419,062</u>	<u>\$ 11,350</u>	<u>\$ 430,412</u>

The accompanying notes are an integral part of these financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2009

	Food Service <u>Fund</u>	Other Enterprise <u>Fund</u>	Total Proprietary <u>Funds</u>
Cash Flows from Operating Activities			
Cash received from lunchroom sales	\$ 337,243	\$ -	\$ 337,243
Cash received from government grants	450,071	-	450,071
Cash received from other activities	-	39,345	39,345
Cash payments to employees for services	(360,111)	(30,400)	(390,511)
Cash payments to suppliers for goods and services	(375,925)	-	(375,925)
Cash payments for other operating activities	(36,290)	-	(36,290)
Net cash from operating activities	<u>14,988</u>	<u>8,945</u>	<u>23,933</u>
Cash Flows from Capital Financing Activities			
Capital contributions	-	-	-
Acquisition of capital assets	-	-	-
Net cash from capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Noncapital Financing Activities			
Nonoperating grants received	-	-	-
Net cash from noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities			
Interest on investments	5,676	-	5,676
Net cash flows from investing activities	<u>5,676</u>	<u>-</u>	<u>5,676</u>
Net increase in cash and cash equivalents	20,664	8,945	29,609
Cash and cash equivalents - beginning	213,194	2,035	215,229
Cash and cash equivalents - ending	<u>\$ 233,858</u>	<u>\$ 10,980</u>	<u>\$ 244,838</u>
Reconciliation of Net Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Net income (loss)	\$ (10,994)	\$ 8,863	\$ (2,131)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	20,951	127	21,078
Loss on disposal of fixed assets	-	-	-
Interest	(5,676)	-	(5,676)
Changes in assets and liabilities:			
Receivables	10,716	303	11,019
Accounts payable	(10)	(348)	(358)
Net Cash Provided by Operating Activities	<u>\$ 14,987</u>	<u>\$ 8,945</u>	<u>\$ 23,932</u>

The accompanying notes are an integral part of these financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Agency Funds
Statement of Fiduciary Net Assets
June 30, 2009

ASSETS	
Cash	\$ 15,460
Accounts receivable	<u>23</u>
 Total Assets	 <u><u>\$ 15,483</u></u>
 LIABILITIES	
Due to student groups	<u>\$ 15,483</u>
 Total Liabilities	 <u><u>\$ 15,483</u></u>

The accompanying notes are an integral part of these financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Trimble County Board of Education have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Trimble County Board of Education (Board), a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Trimble County School District (District). The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools in the district. The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14 *"The Financial Reporting Entity"* and there are no component units included within the reporting entity.

B. Related Organizations

The Board, for financial purposes, includes all of the funds and account groups relevant to the operation of the Trimble County Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc.

The financial statements of the Board include those of separately administered organizations that are controlled by or dependent on the Board. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board.

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements:

TRIMBLE COUNTY SCHOOL DISTRICT
Notes to Financial Statements (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Related Organizations (Continued)

Trimble County School District Finance Corporation - The Trimble County, Kentucky, Board of Education resolved to authorize the establishment of the Trimble County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Trimble County Board of Education also comprise the Corporation's Board of Directors.

C. Basis of Presentation, Basis of Accounting

i. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

TRIMBLE COUNTY SCHOOL DISTRICT
Notes to Financial Statements (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation, Basis of Accounting (Continued)

i. Basis of Presentation (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any unrestricted fund balances are considered as resources available for use.

The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report.

The Construction Fund including Capital Projects Funds accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.

TRIMBLE COUNTY SCHOOL DISTRICT
Notes to Financial Statements (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation, Basis of Accounting (Continued)

i. Basis of Presentation (Continued)

The District reports the following major business-type funds:

The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U. S. Department of Agriculture ("USDA"). No amounts have been recorded for in-kind contributions of commodities from the USDA.

In addition, the District reports the following fund types:

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

ii. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

TRIMBLE COUNTY SCHOOL DISTRICT
Notes to Financial Statements (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation, Basis of Accounting (Continued)

ii. Measurement Focus, Basis of Accounting (Continued)

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the district incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen to apply future FASB standards.

TRIMBLE COUNTY SCHOOL DISTRICT
Notes to Financial Statements (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Encumbrance Accounting

Purchase orders or contracts document encumbrances for goods or purchased services. Under Kentucky law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

E. Financial Statement Amounts

i. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Board considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents.

ii. Inventories

Supplies and materials are charged to expenditures when purchased with the exception of the Proprietary Funds, which records inventory using the accrual basis of accounting.

iii. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property. Taxes are due on receipt of the tax bill and are delinquent if not paid before January 1 of the year following the year in which the tax is imposed. On April 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the County, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas.

TRIMBLE COUNTY SCHOOL DISTRICT
Notes to Financial Statements (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Financial Statements Amounts (Continued)

iv. Capital Assets

The District's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The District generally capitalizes assets with cost of \$1,000 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Land Improvements	20
Buildings and improvements	40
Technology Equipment	5
Vehicles	5 - 14
General Equipment	7 - 10

The District allocates cost of buildings between governmental and business-type activities based on the square footage of the space used for the business-type activity.

v. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the general purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

TRIMBLE COUNTY SCHOOL DISTRICT
Notes to Financial Statements (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Financial Statements Amounts (Continued)

vi. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental and business-type activities columns of the statements of net assets, except for the residual amounts due between governmental and business-type activities, which are presented as internal balances.

F. Budgetary Process

Budgetary Basis of Accounting: The District’s budgetary process accounts for certain transactions on a basis other than GAAP. The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP),

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Amendments are reflected in the official minutes of the Board, and are not made after fiscal year-end as directed by law.

All budget appropriations lapse at year-end.

TRIMBLE COUNTY SCHOOL DISTRICT

Notes to Financial Statements (Continued)

NOTE 2. COMPLIANCE AND ACCOUNTABILITY

A. Finance Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38 "*Certain Financial Statement Note Disclosures*" violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
------------------	---------------------

None reported	Not applicable
---------------	----------------

B. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits:

At June 30, 2009, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$5,530,824 and the bank balance was \$7,077,728. The District's cash deposits at June 30, 2009, and during the year ended June 30, 2009, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank.

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 – Cash and cash equivalents that are insured or registered or securities held by the school district or by its agent in the school district's name.

TRIMBLE COUNTY SCHOOL DISTRICT
Notes to Financial Statements (Continued)

NOTE 2. COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Deposits and Investments (Continued)

Cash Deposits (Continued):

Category 2 – Cash and cash equivalents and investments that are uninsured or unregistered, with securities held by the counterpart's trust department or agent in the school district's name.

Category 3 – Cash and cash equivalents and investments that are uninsured and unregistered with securities held by the counterparty or its trust department or agent but not in the school district's name.

The school district's deposits and investments at June 30, 2009, are categorized as follows.

	Carrying Amount/ Market Value	Bank Balance		Category		
				1	2	3
Demand Deposits:						
General checking	\$ 2,420,656	\$ 3,968,100	\$ 200,000	\$ -0-	\$ 2,220,656	
Certificates of Deposit	<u>3,109,628</u>	<u>3,109,628</u>	<u>200,000</u>	<u>-0-</u>	<u>2,909,628</u>	
Totals	<u>\$ 5,530,284</u>	<u>\$ 7,077,728</u>	<u>\$ 400,000</u>	<u>\$ -0-</u>	<u>\$ 5,130,284</u>	

In order to facilitate the recording of cash transactions and to maximize earnings, the District has combined the cash resources of certain of its funds and maintains accountability for such funds' equity in the pooled cash. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, government pools, and U. S. Treasury Obligations. The District records nonparticipating interest-earning investment contracts at cost. All other securities are recorded at fair value. It is the intention of the investment pool to maximize interest income, and securities are selected according to their risk, marketability, and diversification. Income earned or losses arising from the investment of pooled cash balances are allocated to individual funds based on their proportional equity in investments purchased. For purposes of the statements of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

TRIMBLE COUNTY SCHOOL DISTRICT

Notes to Financial Statements (Continued)

NOTE 3. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2009 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 426,920	\$ -	\$ -	\$ 426,920
Construction in progress	3,796,969	3,882,562	-	7,679,531
Total nondepreciable historical cost	<u>4,223,889</u>	<u>3,882,562</u>	<u>-</u>	<u>8,106,451</u>
Capital assets that are depreciated:				
Land improvements	510,568	-	-	510,568
Building and building improvements	14,995,536	-	-	14,995,536
Technology equipment	1,160,185	97,602	(167,514)	1,090,273
Vehicles	1,625,113	158,318	-	1,783,431
General equipment	328,375	1,219	(7,890)	321,704
Total depreciable historical cost	<u>18,619,777</u>	<u>257,139</u>	<u>(175,404)</u>	<u>18,701,512</u>
Less accumulated depreciation for:				
Land improvements	298,814	22,308	-	321,122
Building and building improvements	4,715,610	306,015	-	5,021,625
Technology equipment	883,714	107,403	(164,521)	826,596
Vehicles	881,708	124,231	-	1,005,939
General equipment	178,458	17,455	(4,858)	191,055
Total accumulated depreciation	<u>6,958,304</u>	<u>577,412</u>	<u>(169,379)</u>	<u>7,366,337</u>
Total depreciable historical cost, net	<u>11,661,473</u>	<u>(320,273)</u>	<u>(6,025)</u>	<u>11,335,175</u>
Governmental activities capital assets, net	<u>\$ 15,885,362</u>	<u>\$ 3,562,289</u>	<u>\$ (6,025)</u>	<u>\$ 19,441,626</u>
Business-type activities:				
Building and building improvements	\$ -	\$ -	\$ -	\$ -
Technology equipment	16,565	-	-	16,565
Vehicles	-	-	-	-
General equipment	400,017	-	-	400,017
Total depreciable historical cost	<u>416,582</u>	<u>-</u>	<u>-</u>	<u>416,582</u>

TRIMBLE COUNTY SCHOOL DISTRICT

Notes to Financial Statements (Continued)

NOTE 3. CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements Reclassifications</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Building and building improvements	\$ -	\$ -	\$ -	\$ -
Technology equipment	4,251	2,898	-	7,149
Vehicles	-	-	-	-
General equipment	<u>206,311</u>	<u>18,180</u>	<u>-</u>	<u>224,491</u>
Total accumulated depreciation	<u>210,562</u>	<u>21,078</u>	<u>-</u>	<u>231,640</u>
Business-type activities capital assets, net	<u>\$ 206,020</u>	<u>\$ (21,078)</u>	<u>\$ -</u>	<u>\$ 184,942</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 364,181
Student support services	34,648
Instructional staff support services	7,324
District administrative support	7,462
School administrative support	6,012
Business support services	496
Plant operation and management	32,743
Student transportation	121,639
Central office support	2,907
Food service operation	20,951
Other proprietary operations	<u>127</u>
	<u>\$ 598,490</u>

TRIMBLE COUNTY SCHOOL DISTRICT
Notes to Financial Statements (Continued)

NOTE 4. BONDED DEBT AND LEASE OBLIGATIONS

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to the bonds issued by the Fiscal Court of Trimble County aggregating \$13,281,927.

The original amount of the issue, issue dates and the interest rates of the bond issues are summarized below:

<u>ISSUE OF</u>	<u>ORIGINAL AMOUNT</u>	<u>INTEREST RATES</u>
April 1, 2002	\$ 5,700,000	4.62%
2002 Refunding	\$ 1,226,997	3.5%
Series 2007	\$ 6,355,000	3.85 %

The District, through the General Fund, (including utility taxes and the SEEK Capital Outlay Fund) is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Trimble County Fiscal Court to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

The proceeds from certain refunding issues have been placed in escrow accounts to be used to service the related debt.

The District has entered into "participation agreements" with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2009 for debt service (principal and interest) are as follows:

TRIMBLE COUNTY SCHOOL DISTRICT

Notes to Financial Statements (Continued)

NOTE 4. BONDED DEBT AND LEASE OBLIGATIONS (Continued)

YEAR	TRIMBLE COUNTY SCHOOL DISTRICT			SCHOOL FACILITIES CONSTRUCTION COMMISSION		TOTAL COMBINED
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	
2010	\$ 287,379	\$ 325,078	\$ 612,457	\$ 167,621	\$ 149,832	\$ 929,910
2011	300,760	313,866	614,626	174,240	143,212	932,078
2012	313,880	302,072	615,952	181,120	136,331	933,403
2013	321,673	289,767	611,440	188,327	129,125	928,892
2014	339,122	276,868	615,990	195,878	121,574	933,442
2015	349,443	263,156	612,599	190,557	113,662	916,818
2016	366,611	247,534	614,145	198,389	105,831	918,365
2017	383,393	230,942	614,335	206,607	97,612	918,554
2018	399,766	213,230	612,996	215,234	88,985	917,215
2019	420,706	194,288	614,994	224,294	79,925	919,213
2020	441,260	174,386	615,646	233,740	70,479	919,865
2021	461,414	153,636	615,050	243,586	60,633	919,269
2022	486,148	131,817	617,965	253,852	50,367	922,184
2023	428,793	101,534	530,327	176,207	39,665	746,199
2024	446,876	84,677	531,553	183,124	32,748	747,425
2025	464,687	67,130	531,817	190,313	25,559	747,689
2026	487,216	48,806	536,022	197,784	18,088	751,894
2027	504,452	29,716	534,168	205,548	10,324	750,040
2028	<u>519,619</u>	<u>10,003</u>	<u>529,622</u>	<u>165,381</u>	<u>3,184</u>	<u>698,187</u>
	<u>\$ 7,723,198</u>	<u>\$ 3,458,506</u>	<u>\$ 11,181,704</u>	<u>\$ 3,791,802</u>	<u>\$ 1,477,136</u>	<u>\$ 16,450,642</u>

Bonded debt balances and activity for the year ended June 30, 2008, were as follows:

	BEGINNING <u>BALANCE</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	ENDING <u>BALANCE</u>
Governmental Activities:				
Trimble County School District	\$ 8,001,899	\$ -	\$ (278,701)	\$ 7,723,198
School Construction Commission	<u>3,953,101</u>	<u>-</u>	<u>(161,299)</u>	<u>3,791,802</u>
Total Bonded Debt	<u>\$ 11,955,000</u>	<u>\$ -</u>	<u>\$ (440,000)</u>	<u>\$ 11,515,000</u>

TRIMBLE COUNTY SCHOOL DISTRICT
Notes to Financial Statements (Continued)

NOTE 5. CAPITAL LEASE PAYABLE

The School Bus Financing Program is offered by the Kentucky Interlocal School Transportation Association (KISTA).

Equipment Lease Revenue Bonds are issued on behalf of participating School Districts. The Bonds are issued for 10 years and the debt service payments are structured to match the depreciation schedule of the Kentucky Department of Education (DOE). There is no limit as to the number of buses a District can finance.

As a Program participant, collision insurance for each vehicle is provided.

On behalf of all participants KISTA arranges for appropriate legal advertisements to comply with Kentucky State Law, waivers of liability and other DOE requirements. In addition, all legal documents needed to participate are prepared for each participant.

The following is an analysis of the leased property under capital lease by class:

<u>Classes of Property</u>	<u>Book value as of June 30, 2009</u>
Buses	\$ 201,938
<u>Year Ending June 30</u>	<u>Capital Lease Payable</u>
2010	\$ 35,147
2011	34,049
2012	<u>13,873</u>
Present Value of Net Minimum Lease Payments	\$ <u>83,069</u>

TRIMBLE COUNTY SCHOOL DISTRICT
Notes to Financial Statements (Continued)

NOTE 6. ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave.

Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the amount "accumulated sick leave payable" in the general fund. The noncurrent portion of the liability is not reported.

NOTE 7. PENSION PLAN

The Kentucky Local School District contributes to the Teachers' Retirement System of Kentucky (KTRS), a cost-sharing, multiple employer defined benefit pension plan. KTRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems and other public educational agencies in Kentucky. KTRS requires that members of KTRS occupy a position requiring either a four (4) year college degree or certification by KY Department of Education (KDE).

KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). KTRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report can be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort KY 40601 or from the KTRS web site at <http://ktrs.ky.gov/>.

TRIMBLE COUNTY SCHOOL DISTRICT
Notes to Financial Statements (Continued)

NOTE 7. PENSION PLAN (Continued)

Funding Policy – Contribution rates are established by KRS. Members are required to contribute 9.855% of their salaries to KTRS. The Commonwealth of Kentucky is required to contribute 13.105% of salaries. The federal program for any salaries paid by that program pays the matching contributions.

Medical Insurance Plan

Plan description – In addition to the pension benefits described above, Kentucky Revised Statute 161.675 requires to KTRS to provide post-retirement benefits to eligible members and dependents. The KTRS Medical Insurance benefit is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KTRS Medicare Eligible Health Plan.

Funding policy – The post-retirement healthcare provided by KTRS is financed on a pay-as-you-go basis. In order to fund the post-retirement healthcare benefit, one and five tenths percent (1.5%) of the gross annual payroll of all active members is contributed. One-half (1/2) of this amount is derived from member contributions and one-half (1/2) from state appropriation. Also, the premiums collected from retirees as described in the plan description and investment interest help with the medical expenses of the plan.

The Trimble County Schools' total payroll for the year was \$7,728,001. The payroll for employees covered under KTRS was \$5,073,553. For the year ended June 30, 2009, the Commonwealth contributed \$666,264 to KTRS for the benefit of our participating employees. The School District's contributions to KTRS for the year ending June 30, 2009, were \$48,600 which represents those employees covered by federal programs.

TRIMBLE COUNTY SCHOOL DISTRICT
Notes to Financial Statements (Continued)

NOTE 8. COMMITMENTS AND CONTINGENCIES

A. Contingencies

The District receives funding from Federal, State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on the grantor's review the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies advanced, or refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantor's intent to continue their programs.

NOTE 9. INSURANCE AND RELATED ACTIVITIES

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibilities, etc. Each of these risk areas is covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated which included Worker's compensation insurance.

TRIMBLE COUNTY SCHOOL DISTRICT
Notes to Financial Statements (Continued)

NOTE 10. INTERFUND TRANSFERS

Interfund transfers activity for the year ended June 30, 2009, is as follows:

<u>TYPE</u>	<u>FROM FUND</u>	<u>TO FUND</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
Matching	General	Special Revenue	Match	\$ 30,668
Operating	General	Construction	Construction	250,000
Operating	Capital Outlay	Construction	Construction	421,831
Operating	Building Fund	Construction	Construction	373,133

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The district pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experienced modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four (24) months after the expiration of the self-insurance term. The Liability Insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

TRIMBLE COUNTY SCHOOL DISTRICT
Notes to Financial Statements (Continued)

NOTE 11. RISK MANAGEMENT (Continued)

The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12. COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school district at risk for a substantial loss (contingency).

NOTE 13. ON-BEHALF PAYMENTS

For the year ended June 30, 2009, total payments of \$1,741,618 were made for life insurance, health insurance, KTRS matching and administrative fees by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of activities. On behalf payments are not budgeted items.

S U P P L E M E N T A R Y

I N F O R M A T I O N

TRIMBLE COUNTY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures
And Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	SEEK CAPITAL OUTLAY <u>FUND</u>	FSPK <u>FUND</u>	DEBT SERVICE <u>FUNDS</u>	TOTAL NONMAJOR GOVERNMENTAL <u>FUNDS</u>
REVENUES				
From local sources:				
Taxes:				
Property	\$ -	\$ 343,960	\$ -	\$ 343,960
Motor vehicle	-	46,629	-	46,629
Utilities	-	-	-	-
Earnings on investments	3,049	3,322	-	6,371
Intergovernmental - State	142,636	266,616	-	409,252
Intergovernmental - Indirect Federal	-	-	-	-
	<u>145,685</u>	<u>660,527</u>	<u>-</u>	<u>806,212</u>
TOTAL REVENUES				
EXPENDITURES				
Current:				
Debt service	-	614,476	-	614,476
Facilities acquisition and construction	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>614,476</u>	<u>-</u>	<u>614,476</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUE OVER EXPENDITURES	<u>145,685</u>	<u>46,051</u>	<u>-</u>	<u>191,736</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	(421,831)	(373,133)	-	(794,964)
	<u>(421,831)</u>	<u>(373,133)</u>	<u>-</u>	<u>(794,964)</u>
TOTAL OTHER FINANCING SOURCES (USES)				
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(276,146)	(327,082)	-	(603,228)
FUND BALANCE, JULY 1, 2008	<u>276,146</u>	<u>327,082</u>	<u>-</u>	<u>603,228</u>
FUND BALANCE, JUNE 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

TRIMBLE COUNTY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	SEEK CAPITAL OUTLAY <u>FUND</u>	FSPK <u>FUND</u>	DEBT SERVICE <u>FUNDS</u>	TOTAL NONMAJOR GOVERNMENTAL <u>FUNDS</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes - current	-	4,161	-	4,161
Due from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND RESOURCES	<u>\$ -</u>	<u>\$ 4,161</u>	<u>\$ -</u>	<u>\$ 4,161</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Cash overdraft	-	4,161	-	4,161
Accrued payroll and related expenses	-	-	-	-
Due to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>4,161</u>	<u>-</u>	<u>4,161</u>
FUND BALANCES				
Unreserved	-	-	-	-
Designated	-	-	-	-
Capital Projects	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 4,161</u>	<u>\$ -</u>	<u>\$ 4,161</u>

See independent auditors' report.

TRIMBLE COUNTY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2009

FEDERAL GRANTOR/ PASS-THRU GRANTOR/PROGRAM CLUSTER	PROGRAM TITLE	PROJECT	FEDERAL CFDA NUMBER	DISBURSEMENTS/ EXPENDITURES
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Direct programs:				
	Head Start - FY 09	04-CH-2611	93.600	\$ 628,844
	Total Department of Health and Human Services			628,844
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed through State Department of Education				
	Title I	0531-03-09	84.010	316,763
	<i>Special Education Cluster</i>			
	IDEA Part B	465-09	84.027	272,465
	IDEA Part B Preschool	465-09P	84.173	13,290
	Title I - Migrant	0531-02-08	84.011	37,124
	Title I - Migrant	0531-03-09	84.011	50,972
	Teacher Quality		84.367	88,515
	Title IV (Drug and Alcohol)		84.186	3,018
	Tech Prep Grant		84.243	6,900
	Title IID - Fed Ed Tech	FY07	84.318	470
	Title IID - Fed Ed Tech	FY08	84.318	1,291
	Title IID - Fed Ed Tech	FY09	84.318	1,679
	Community Based Work	FY08	84.340	1,600
	Community Based Work	FY09	84.340	5,000
	Vocational Education - Basic Grant Title IIC	5462-08-32	84.048	288
	Vocational Education - Basic Grant Title IIC	5462-09-32	84.048	13,943
	Total Department of Education			813,318
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed through State Department of Education				
	<i>Child Nutrition Cluster</i>			
	National School Lunch Program	0575-04/05	10.555	325,652
	Nat'l School Breakfast Program	0575-04/05	10.553	124,649
	Summer Meal Program		10.559	8,806
	Total Department of Agriculture			459,107
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 1,901,269

See independent auditors' report.

TRIMBLE COUNTY SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2009

NOTE A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Trimble County School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B. FOOD DONATION

The District received nonmonetary assistance in the form of commodities. The amount of commodities disbursed was \$50,212 for the fiscal year ended June 30, 2009. The amount of commodities disbursed was not reported in the schedule of federal expenditures.

TRIMBLE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued : unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐yes ☒no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☒yes ☐none reported

Noncompliance material to financial statements noted? ☐yes ☒no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified: ☐yes ☒no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐yes ☒none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ☐yes ☒no

Identification of major programs.

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
93.600	Head Start

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee: ☒yes ☐no

TRIMBLE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Section II – Financial Statement Findings

Significant Deficiencies in Internal Control Over Financial Reporting

Finding Number 2009-1

Condition:	The District lacks proper segregation of duties over its financial reporting at the school level.
Criteria:	A fundamental concept in good system of internal control is the separation of duties. The basic concept is that no employee should have access to all phases of a transaction.
Cause:	Limited personnel at the school level.
Effect:	Controls are less effective due to school bookkeepers involvement in all phases of various financial functions.
Recommendation:	The District should develop procedures to monitor the financial activities of those schools where personnel are limited.
District Response:	Management will review the procedures currently in place and determine what, if any, additional procedures need to be implemented.

Finding Number 2009-2

Condition:	The District does not have a system of internal controls that would enable management to conclude that the financial statements and the related disclosures are complete and presented in accordance with generally accepted accounting principles.
Criteria:	Management is responsible for the fair presentation of the financial results of operations, cash flows and disclosures in the financial statements in conformity with U.S. generally accepted accounting principles (GAAP).
Cause:	Management has made the decision to accept this risk due to cost considerations.
Effect:	Management has requested us to assist in identifying adjustments to the accounting records and to prepare a draft of the financial statements, including related footnote disclosures.
Recommendation:	None.
District Response:	Management has made the cost benefit decision to rely on our accounting expertise rather than incur additional internal resource costs.

Section III – Federal Award Findings and Questioned Costs

No findings or questioned costs were reported.



Chestnut Centre
410 West Chestnut Street STE. 237
Louisville, KY 40202-2342

(502) 583-5381
(800) 456-7531
FAX (502) 582-2516

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

State Committee for School District Audits
Members of the Board of Education of
Trimble County School District

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Trimble County School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Trimble County School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose or expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trimble County School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Trimble County School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Trimble County School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Trimble County School District's financial statements that is more than inconsequential will not be prevented or detected by the Trimble County School District's internal control. We consider the deficiencies described in the schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting – Findings 2009-1 and 2009-2.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Trimble County School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe none of the significant deficiencies described above is a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Trimble County School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and

State Committee for School District Audits
Members of the Board of Education of
Trimble County School District
Page – 3-

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under

Government Auditing Standards.

We noted certain matters that we reported to management of Trimble County School District in a separate letter dated September 4, 2009.

This report is intended solely for the information and use of management of Trimble County School District, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Amick & Company

Louisville, Kentucky
September 4, 2009



Chestnut Centre
410 West Chestnut Street STE. 237
Louisville, KY 40202-2342

(502) 583-5381
(800) 456-7531
FAX (502) 582-2516

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

State Committee for School District Audits
Members of the Board of Education of
Trimble County School District

We have audited the compliance of Trimble County School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Trimble County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Trimble County School District's management. Our responsibility is to express an opinion on Trimble County School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Trimble County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Trimble County School District's compliance with those requirements.

In our opinion, Trimble County School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Trimble County School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Trimble County School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Trimble County School District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

State Committee for School District Audits
Members of the Board of Education of
Trimble County School District
Page – 3-

This report is intended solely for the information and use of management of the Trimble County School District, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Amick & Company

Louisville, Kentucky
September 4, 2009

MANAGEMENT

LETTER

POINTS



Chestnut Centre
410 West Chestnut Street STE. 237
Louisville, KY 40202-2342

(502) 583-5381
(800) 456-7531
FAX (502) 582-2516

State Committee for School District Audits
Members of the Board of Education of
Trimble County School District

In planning and performing our audit of the financial statements of Trimble County School District for the year ended June 30, 2009, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

The memorandum that accompanies this letter summarizes our comments and suggestions regarding internal controls and operating efficiency. A separate report dated September 4, 2009, contains our report on reportable conditions and material weaknesses in the District's internal control structure. There were no material weaknesses noted during our audit. This letter does not affect our report dated September 4, 2009 on the financial statements of the Trimble County School District.

This report is intended solely for the information and use of the Board and management and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to the Trimble County School District.

Amick & Company

Louisville, Kentucky
September 4, 2009

TRIMBLE COUNTY SCHOOL DISTRICT

Management Letter Comments
For the Year Ended June 30, 2009

POINT 1. PRIOR YEAR RECOMMENDATIONS

We reviewed all recommendations made to the Board on the management letter that accompanied our previous report. All recommendations had been implemented and corrected except one. We sincerely commend the District in their efforts.

A. FILING PROCEDURES

Comments

The Red Book states that purchase orders and invoices relating to a disbursement are to be filed by month and in numerical check order. We found two instances at the school level where the checks were filed in numerical order but not by month.

Recommendation

All personnel involved in the preparation of purchase orders and checks at the school level need to be reminded that these documents are to be properly filed in accordance with the guidelines as stated in the Red Book.

Management's Response

The Superintendent and Treasurer will remind the schools that they are to comply with all policies and procedures in the Red Book.

POINT 2. CURRENT YEAR RECOMMENDATIONS

B. PROPER DOCUMENTATION

Comments

We found several instances at the school level where the documentation attached to the purchase order / standard invoice was not adequate.

Recommendation

All personnel involved in the preparation and paying of invoices need to be sure that proper documentation is attached. Proper documentation includes the name and address of the vendor, a description of what is being purchased (including the quantity) and the total amount of the purchase.

Management's Response

The Superintendent and Treasurer will remind the schools that they are to comply with all policies and procedures in the Red Book as they relate to purchases. They will also monitor this situation to ensure compliance in the future.

**ADDITIONAL
INFORMATION**

TRIMBLE COUNTY SCHOOL DISTRICT

Balance Sheet
School Activity Funds
June 30, 2009

	BEDFORD ELEMENTARY	MILTON ELEMENTARY	TRIMBLE COUNTY MIDDLE	TRIMBLE COUNTY HIGH	Totals (Memo Only)
ASSETS					
Cash and cash equivalents	\$ 23,654	\$ 11,353	\$ 31,310	\$ 105,660	\$ 171,977
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 23,654</u>	<u>\$ 11,353</u>	<u>\$ 31,310</u>	<u>\$ 105,660</u>	<u>\$ 171,977</u>
LIABILITIES AND FUND BALANCE					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance	<u>23,654</u>	<u>11,353</u>	<u>31,310</u>	<u>105,660</u>	<u>171,977</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 23,654</u>	<u>\$ 11,353</u>	<u>\$ 31,310</u>	<u>\$ 105,660</u>	<u>\$ 171,977</u>

See independent auditors' report.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Revenue, Expenditures and Changes in Fund Balances
School Activity Funds
For the Year Ended June 30, 2009

	BEDFORD ELEMENTARY	MILTON ELEMENTARY	TRIMBLE COUNTY MIDDLE	TRIMBLE COUNTY HIGH	Totals (Memo Only)
REVENUE					
School activities and projects	\$ 57,342	\$ 33,117	\$ 44,059	\$ 88,324	\$ 222,842
Athletic activities	3,580	-	12,467	171,620	187,667
After school care	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE	<u>60,922</u>	<u>33,117</u>	<u>56,526</u>	<u>259,944</u>	<u>410,509</u>
EXPENDITURES					
School activities and projects	51,981	30,266	43,208	92,619	218,074
Athletic activities	2,633	-	11,556	175,877	190,066
After school care	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>54,614</u>	<u>30,266</u>	<u>54,764</u>	<u>268,496</u>	<u>408,140</u>
Excess (deficiency) of revenue over expenditures	6,308	2,851	1,762	(8,552)	2,369
FUND BALANCE - JULY 1, 2008	<u>17,346</u>	<u>8,502</u>	<u>29,548</u>	<u>114,212</u>	<u>169,608</u>
FUND BALANCE - JUNE 30, 2009	<u>\$ 23,654</u>	<u>\$ 11,353</u>	<u>\$ 31,310</u>	<u>\$ 105,660</u>	<u>\$ 171,977</u>

See independent auditors' report.

**SCHOOL ACTIVITY
FUNDS**

TRIMBLE COUNTY BOARD OF EDUCATION
TRIMBLE COUNTY HIGH SCHOOL
ACTIVITY FUND

Statement of Receipts, Disbursements and Fund Balance
For the Year Ended June 30, 2009

	CASH			CASH	NET	
	BALANCES AT			BALANCES	ACCOUNTS	FUND
	BEGINNING	CASH	CASH	AT END	RECEIVABLE	BALANCES
<u>FUND ACCOUNTS</u>	<u>OF YEAR</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>OF YEAR</u>	<u>(PAYABLE)</u>	<u>June 30, 2009</u>
General	\$ 17,524	\$ 13,988	\$ 14,069	\$ 17,443	\$ -	\$ 17,443
American Cancer Society	-	1,983	1,920	63	-	63
Transportation Costs	24,369	16,904	15,109	26,164	-	26,164
A P Exams	-	1,478	-	1,478	-	1,478
Trips	-	395	395	-	-	-
Charities	-	1,907	1,831	76	-	76
Guidance Department	282	594	542	334	-	334
Business	45	-	45	-	-	-
Freshman Class	375	767	1,008	134	-	134
Sophomore Class	4,669	4,952	7,508	2,113	-	2,113
Junior Class	7,350	11,662	12,693	6,319	-	6,319
Library	1,147	1,227	1,466	908	-	908
Science	75	-	-	75	-	75
Senior Class	-	26,494	24,436	2,058	-	2,058
FCA	367	435	553	249	-	249
Field Trips	-	2,761	2,603	158	-	158
Academic Team	1,163	412	1,390	185	-	185
Art Club	182	181	-	363	-	363
Beta Club	478	1,646	1,992	132	-	132
FFA	2,635	9,554	10,819	1,370	-	1,370
Band	-	1,711	1,711	-	-	-
FBLA	1,006	135	196	945	-	945
History Club	733	610	476	867	-	867
Pep Club	93	214	103	204	-	204
Science Club	751	1,360	1,187	924	-	924
Spanish Club	966	16	129	853	-	853
Student Council	1,262	341	452	1,151	-	1,151
Yearbook	6,644	7,694	8,243	6,095	-	6,095
Teen Leadership	-	1,500	1,404	96	-	96
Media Class	7	420	371	56	-	56
Drama	5,767	486	1,479	4,774	-	4,774
Technology Club	222	156	178	200	-	200
Bookstore	2,743	117	1,870	990	-	990
Pepsi General	1,509	7,067	8,038	538	-	538
Snack Machine	242	2,488	2,322	408	-	408
Lounge Drink Machine	1,754	3,226	3,612	1,368	-	1,368
Athletic Drink Machine	1,835	5,588	6,686	737	-	737
Credit Recovery Class	-	1,850	1,800	50	-	50
Textbooks	135	37,142	36,957	320	-	320
Flower & Gift Fund	125	934	1,059	-	-	-
Agricultural Fees	315	1,072	1,300	87	-	87
Art Fees	1,191	1,560	2,147	604	-	604
Business Fees	565	315	435	445	-	445
Computer Lab Fees	353	1,170	1,345	178	-	178
Life Science Fees	2	1,734	1,618	118	-	118
Physical Science Fees	203	525	720	8	-	8
Technology Fees	58	230	94	194	-	194
Forensic	6	1,620	1,211	415	-	415
Art / Humanities	556	620	-	1,176	-	1,176
Chem 1	-	320	310	10	-	10
Discipline Committee	100	765	150	715	-	715

See independent auditors' report

**TRIMBLE COUNTY BOARD OF EDUCATION
TRIMBLE COUNTY HIGH SCHOOL
ACTIVITY FUND**

Statement of Receipts, Disbursements and Fund Balance
For the Year Ended June 30, 2009

<u>FUND ACCOUNTS</u>	CASH			CASH	NET	FUND
	BALANCES AT BEGINNING OF YEAR	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCES AT END OF YEAR	ACCOUNTS RECEIVABLE (PAYABLE)	BALANCES June 30, 2009
Athletics	\$ 2,324	\$ 44,073	\$ 43,754	\$ 2,643	\$ -	\$ 2,643
Cheerleaders	1,266	10,721	10,416	1,571	-	1,571
Athletic Sound System	1,225	2,356	3,582	(1)	-	(1)
Football	355	22,672	23,027	-	-	-
Boys Basketball	440	20,729	20,248	921	-	921
Girls Basketball	940	15,513	15,856	597	-	597
Cross Country	486	11,575	9,890	2,171	-	2,171
Track	933	4,072	2,845	2,160	-	2,160
Golf	1,219	2,476	3,586	109	-	109
Softball	1,852	5,380	5,688	1,544	-	1,544
Baseball	8,724	10,770	12,779	6,715	-	6,715
Tennis	1,190	4,513	5,704	(1)	-	(1)
Volleyball	-	7,336	7,277	59	-	59
District Volleyball	4	-	4	-	-	-
Raider Wear	695	3,846	4,540	1	-	1
Project Prom	566	250	816	-	-	-
Taylor/Hughes Memorial	50	-	-	50	-	50
Kelly Jewell Scholarship	1,639	832	-	2,471	-	2,471
In Memory of F Burkhardt	500	500	500	500	-	500
Sub-Totals	114,212	347,940	356,494	105,658	-	105,658
Inter-Fund Transfers	-	(87,995)	(87,995)	-	-	-
TOTALS	\$ 114,212	\$ 259,945	\$ 268,499	\$ 105,658	\$ -	\$ 105,658

See independent auditors' report